

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN CHASE HIBBARD**, on January 19, 1999 at 8:00 A.M., in Room 437 Capitol.

ROLL CALL

Members Present:

Rep. Chase Hibbard, Chairman (R)
Rep. Kim Gillan, Vice Chairman (D)
Rep. Bob Story, Vice Chairman (R)
Rep. Gary Beck (D)
Rep. Rick Dale (R)
Rep. Bob Davies (R)
Rep. Ron Erickson (D)
Rep. Daniel Fuchs (R)
Rep. Mary Anne Guggenheim (D)
Rep. Marian Hanson (R)
Rep. Hal Harper (D)
Rep. Dan Harrington (D)
Rep. John L. Holden (R)
Rep. Verdell Jackson (R)
Rep. Scott J. Orr (R)
Rep. Bob Raney (D)
Rep. Bill Rehbein (R)
Rep. Sam Rose (R)
Rep. Trudi Schmidt (D)
Rep. Roger Somerville (R)

Members Excused: None.

Members Absent: None.

Staff Present: Donna Grace, Committee Secretary
Jeff Martin, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HJR 2 - Continued (1/8/99)
Executive Action: HJR 2 - Continued

HEARING ON HJR 2 - CONTINUED

Chairman Chase Hibbard reopened the hearing and executive action on HJR 2.

{Tape : 1; Side : A; Approx. Time Counter : 2.8}

OIL AND GAS SEVERANCE TAX

EXHIBIT(tah14a01) - Montana Oil Data

EXHIBIT(tah14a02) - Montana Crude Oil Prices as reported by the Rocky Mountain Oil Journal

EXHIBIT(tah14a03) - Historical Montana Oil Price Data

{Tape : 1; Side : A; Approx. Time Counter : 7.8}

Motion/Vote:

Rep. Erickson MOVED to ask the LFD to recompute their figures on the price of oil. On a voice vote, the **motion passed** 15 - 4.

Story, Orr, Schmidt, Holden, Guggenheim, Jackson, Harrington, Dale, Somerville, Erickson, Beck, Davies, Hanson, Raney and Hibbard voting yes; Rehbein, Fuchs, Harper and Gillan voting no.

{Tape : 1; Side : B; Approx. Time Counter : 0.1}

COAL SEVERANCE TAX

{Tape : 1; Side : B; Approx. Time Counter : 14.6}

CIGARETTE TAX (Including discussion of the tobacco settlement)

{Tape : 1; Side : B; Approx. Time Counter : 20.6}

Jim Standaert, Legislative Fiscal Division. **EXHIBIT**(tah14a04)

{Tape : 2; Side : A; Approx. Time Counter : 0.3}

Motion/Vote:

Rep. Raney MOVED to reduce the amount of revenue in the second and third years by \$1,300,000. On a roll call vote, the **motion failed**, 14 - 6. Story, Holden, Rose, Jackson, Harrington, Dale, Somerville, Erickson, Rehbein, Beck, Davies, Hanson, Gillan and Hibbard voting no; Orr, Schmidt, Guggenheim, Fuchs, Harper and Raney voting yes.

{Tape : 2; Side : A; Approx. Time Counter : 8.7}

INSTITUTION REIMBURSEMENTS - ROC recommendation adopted.

{Tape : 2; Side : A; Approx. Time Counter : 14.5}

MOTOR VEHICLE LICENSE FEES - **EXHIBIT**(tah14a05) - ROC recommendation adopted.

{Tape : 2; Side : A; Approx. Time Counter : 20.3}

VIDEO GAMING TAX - ROC recommendation adopted.

{Tape : 2; Side : A; Approx. Time Counter : 23.1}

INHERITANCE TAX

{Tape : 2; Side : B; Approx. Time Counter : 0.1}

EXHIBIT(tah14a06)

Motion/Vote:

Rep. Story **MOVED** to adopt the Executive recommendation on inheritance tax. On a voice vote the **motion passed** 13 - 5. Orr, Schmidt, Rehbein, Davies and Raney voting no.

{Tape : 2; Side : B; Approx. Time Counter : 17.4}

TCA INTEREST EARNINGS

Kurt Nichols, Budget Office. **EXHIBIT**(tah14a07)

{Tape : 2; Side : B; Approx. Time Counter : 25.2}

Motion/Vote

Rep. Holden **MOVED** to accept the recommendation of the Budget Office for 1999. On a voice vote the **motion passed**, 14 - 6. Orr, Schmidt, Rehbein, Davies, Raney and Gillan voting no.

{Tape : 3; Side : A; Approx. Time Counter : 4.3}

U. S. FEDERAL ROYALTY - ROC recommendation adopted.

{Tape : 3; Side : A; Approx. Time Counter : 14.3}

ALL OTHER REVENUE - ROC recommendation adopted.

{Tape : 3; Side : A; Approx. Time Counter : 27.6}

INSURANCE PREMIUM TAX - ROC recommendation adopted.

{Tape : 3; Side : B; Approx. Time Counter : 0.7}

PERMANENT TRUST INTEREST EARNINGS - ROC recommendation adopted.

{Tape : 3; Side : B; Approx. Time Counter : 10.3}

COMMON SCHOOL INTEREST AND INCOME - ROC recommendation adopted.

{Tape : 3; Side : B; Approx. Time Counter : 13.7}

CORPORATION INCOME TAX - **EXHIBIT**(tah14a08)

{Tape : 3; Side : B; Approx. Time Counter : 21.3}

Motion

Rep. Guggenheim MOVED to cut \$5 million from the ROC estimate for 1999 for corporate income tax. **{Tape : 4; Side : A; Approx. Time Counter : 8.7}**

Substitute Motion/Vote

Rep. Raney MOVED to accept the Executive recommendation. On a roll call vote, the **motion failed** 12 - 8. Story, Holden, Rose, Jackson, Harrington, Dale, Somerville, Rehbein, Beck Fuchs, Hanson and Hibbard voting no; Orr, Schmidt, Guggenheim, Erickson, Davies, Harper, Raney and Gillan voting yes. **{Tape : 4; Side : A; Approx. Time Counter : 26.6}**

Vote:

On a roll call vote, Rep. Guggenheim's original **motion failed**, 13 - 7. Story, Schmidt, Holden, Rose, Jackson, Harrington, Dale, Somerville, Beck, Fuchs, Hanson, Gillan and Hibbard voting no; Orr, Guggenheim, Erickson, Rehbein, Davies, Harper and Raney voting yes. **{Tape : 4; Side : B; Approx. Time Counter : 1.8}**

PROPERTY TAX - ROC recommendations adopted with understanding that estimates might have to be adjusted when more information is available. **(Includes discussion on implications of CI-75.)**
EXHIBIT(tah14a09) **{Tape : 4; Side : B; Approx. Time Counter : 4.8}**

UTILITY GENERATION ASSET SALE - EXHIBIT(tah14a10)

Jim Standaert, Legislative Fiscal Division.
{Tape : 4; Side : B; Approx. Time Counter : 19.7}

Judy Paynter, DOR.
{Tape : 4; Side : B; Approx. Time Counter : 21.4}

Ed Bartlett, Manager, Government Affairs, Montana Power Co.
{Tape : 4; Side : B; Approx. Time Counter : 23.4}

Questions from Committee
{Tape : 4; Side : B; Approx. Time Counter : 24.7}

Dave Lewis, Office of Budget and Program Planning
{Tape : 5; Side : A; Approx. Time Counter : 5.8}

Further discussion postponed until 2/1/99.

{Tape : 5; Side : A; Approx. Time Counter : 15.4}

Adjourn. ***{Tape : 5; Side : A; Approx. Time Counter : 16.5}***

ADJOURNMENT

Adjournment: 12:15 P.M.

REP. CHASE HIBBARD, Chairman

DONNA GRACE, Secretary

CH/DG

EXHIBIT (tah14aad)